Senate



General Assembly

File No. 632

February Session, 2018

Substitute Senate Bill No. 536

Senate, April 23, 2018

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING VARIOUS INITIATIVES AT THE UNIVERSITY OF CONNECTICUT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Section 10a-102 of the general statutes is repealed and the
- 2 following is substituted in lieu thereof (*Effective July 1, 2018*):
- 3 (a) The University of Connecticut shall remain an institution for the
- 4 education of [youths whose parents are] citizens <u>primarily</u> of this state.
- 5 (1) The leading [object] objective of said university shall be to
- 6 educate the population at large, with an eye towards current and
- 7 emerging state, national and world economic dynamics and labor force
- 8 trends.
- 9 (2) The secondary and supporting objective of said university shall
- 10 <u>be to facilitate knowledge transfer of the academic insights of the</u>
- 11 faculty and student body into for-profit and nonprofit ventures,
- 12 <u>thereby promoting the growth and health of the state economy.</u>

(3) The further objectives of said university shall be to offer a wide selection of courses, without excluding scientific and classical studies or other well-considered areas of knowledge, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts [,] and to encourage cross-disciplinary studies.

- (b) Such objectives shall be taught in such manner as the General Assembly prescribes, in order to promote the liberal and practical education of the industrial classes in accordance with the provisions of an Act of Congress, approved July 2, 1862, entitled "An Act donating public lands to the several states and territories which may provide colleges for the benefit of agriculture and the mechanic arts", and also in accordance with an Act of Congress, approved August 30, 1890, entitled "An Act to apply a portion of the proceeds of the public lands to the more complete endowment and support of the colleges for the benefit of agriculture and the mechanic arts established under the provisions of an Act of Congress, approved July 2, 1862".
- (c) The number of students who are to reside in university dormitories shall be determined by the board of trustees. [, preference in enrollment in the university being given to qualified students taking the full agricultural course.] Said university is authorized to confer the academic and professional degrees appropriate to the courses prescribed by its board of trustees. The board shall establish policies which protect academic freedom and the content of course and degree programs.
- Sec. 2. Section 10a-103 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):
 - (a) There shall continue to be a Board of Trustees for The University of Connecticut to consist of twenty-one persons, twelve to be appointed by the Governor, who shall reflect the state's geographic, racial and ethnic diversity and fulfill the qualifications set forth in subparagraph (B) of subdivision (1) of this subsection; two to be elected by the university alumni; two to be elected by the students enrolled at the institutions under the jurisdiction of said board; and

46 five members ex officio.

(1) (A) On or before July 1, 1983, the Governor shall appoint members to the board as follows: Four members for a term of two years from said date; four members for a term of four years from said date; and four members for a term of six years from said date. Thereafter, the Governor shall appoint trustees of said university to succeed those appointees whose terms expire, and each trustee so appointed shall hold office for a period of six years from the first day of July in the year of his or her appointment, provided two of the trustees appointed for terms commencing July 1, 1995, and their successors shall be alumni of the university, one of the trustees appointed for a term commencing July 1, 1997, and his or her successors shall be such alumni and one of the members appointed for a term commencing July 1, 1999, and his or her successors shall be such alumni.

- (B) Each member appointed by the Governor for a term commencing on or after July 1, 2018, shall have experience recognized by said university as an entrepreneur or an investor in business ventures, until at least four of the twelve trustees appointed by the Governor fulfill such qualification. At least two of the four members shall be less than forty years of age at the time of such member's initial appointment. Not later than July 1, 2023, at least two of the twelve trustees appointed by the Governor shall have academic qualifications or significant professional experience in the economic growth of the state and a demonstrated understanding of said university's role in such growth.
- 72 (2) The Commissioner of Agriculture, the Commissioner of Education, the Commissioner of Economic and Community Development and the chairperson of The University of Connecticut Health Center Board of Directors shall be, ex officio, members of the board of trustees. The Governor shall be, ex officio, president of said board.
- 78 <u>(b) (1)</u> The graduates of all of the schools and colleges of said

university shall, prior to September first in the odd-numbered years, elect one trustee, who shall be a graduate of the institution and who shall hold office for four years from the first day of September succeeding his or her election. Not less than two or more than four nominations for each such election shall be made by the alumni association of said university, provided no person who has served as an alumni trustee for the two full consecutive terms immediately prior to the term for which such election is to be held shall be nominated for any such election. Such election shall be conducted by mail or by electronic means approved pursuant to subdivision (3) of this subsection prior to September first under the supervision of a canvassing board consisting of three members, one appointed by the board of trustees, one by the board of directors of the alumni association of the university and one by the president of the university. No ballot in such election shall be opened <u>or accessed</u> until the date by which ballots must be returned to the canvassing board. In such election, all graduates shall be entitled to vote by signed ballots which have been circulated to them by mail or by electronic means approved pursuant to subdivision (3) of this subsection and which shall be returned by mail or such electronic means. Vacancies occurring by death or resignation of either of such alumni trustees shall be filled for the unexpired portion of the term by special election, if such unexpired term is for more than eighteen months. When the unexpired term is eighteen months or less, such vacancy shall be filled by appointment by the board of directors of said alumni association.

(2) On or before November 1, 1975, the students of The University of Connecticut shall, in such manner as the board of trustees of said university shall determine, elect two trustees, each of whom shall be enrolled as a full-time student of said university at the time of his or her election. One such member shall be elected for a term of one year from November 1, 1975, and one for a term of two years from said date. Prior to July first, annually, such students shall, in accordance with this section and in such manner as the board shall determine, elect one member of said board, who shall be so enrolled at said university at the time of his or her election and who shall serve for a

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term of two years from July first in the year of his or her election. The student member elected to fill the term expiring on June 30, 2003, and such elected member's successors, shall be enrolled as a full-time undergraduate student at a school or college of the university and shall be elected by the undergraduate students of the schools and colleges of the university. The student member elected to fill the term expiring on June 30, 2004, and such elected member's successors, shall be enrolled as a full-time student in the School of Law, the School of Medicine, the School of Dentistry, the School of Social Work, or as a graduate student of a school or college of the university, and shall be elected by the students of the School of Law, the School of Medicine, the School of Dentistry, the School of Social Work and the graduate students of the schools and colleges of the university. Any student member elected after July 1, 2013, shall be enrolled as a full-time student at the time of his or her election and for the duration of his or her term of service. Any vacancies in the elected membership of said board shall, except as otherwise provided in this section, be filled by special election for the balance of the unexpired term.

(3) Students at said university may propose and develop electronic means of casting ballots for the elections under subdivisions (1) and (2) of this subsection occurring on or after July 1, 2020. Any such electronic means shall provide that ballots cast are electronically encrypted or secured by another method or technology. Upon approval by the alumni association of said university, the graduate and undergraduate student government organizations of said university and the president of said university, such electronic means may be used to cast ballots for an election under subdivision (1) or (2) of this subsection occurring on or after July 1, 2020. Said president shall, from time to time and in consultation with representatives of such student government organizations, promote a contest on at least one of the campuses of said university to encourage (A) student development or refinement of such electronic means of casting ballots, or (B) development of other innovative solutions to the needs of the student body.

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Sec. 3. Section 10a-104 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):

(a) The Board of Trustees of The University of Connecticut shall: (1) Make rules for the government of the university and shall determine the general policies of the university, including those concerning the admission of students and the establishment of schools, colleges, divisions and departments, which policies shall be consistent with the goals identified in section 10a-11c, and shall direct the expenditure of the university's funds within the amounts available; (2) develop the mission statement for The University of Connecticut, and all campuses thereof, that shall be consistent with such goals and include, but not be limited to, the following elements: (A) The educational needs of and constituencies served by said university and campuses; (B) the degrees offered by said university; and (C) the role and scope of each institution and campus within the university system, which shall include each institution's and campus' particular strengths and specialties; (3) establish policies for the university system and for the individual institutions and campuses under its jurisdiction; (4) review and approve recommendations for the establishment of new academic programs; (5) report all new programs and program changes to the Office of Higher Education; (6) make recommendations, when appropriate, regarding institutional or campus mergers or closures; (7) coordinate the programs and services of the institutions and campuses under its jurisdiction; (8) be authorized to enter into agreements, consistent with the provisions of section 5-141d, to save harmless and indemnify sponsors of research grants to The University of Connecticut, provided such an agreement is required to receive the grant and limits liability to damages or injury resulting from acts or omissions related to such research by employees of the university; (9) promote fund-raising to assist the university and report to the executive director of the Office of Higher Education and the joint standing committee of the General Assembly having cognizance of matters relating to education by January 1, 1994, and biennially thereafter, on such fund-raising; (10) charge the direct costs for a building project under its jurisdiction to the bond fund account for

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such project, provided (A) such costs are charged in accordance with a procedure approved by the Treasurer and (B) nothing in this subdivision shall permit the charging of working capital costs, as defined in the applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or costs originally paid from sources other than the bond fund account; (11) exercise the powers delegated to it pursuant to section 10a-109d; and (12) establish by October 1, 1997, policies governing the acceptance of gifts made by a foundation established pursuant to sections 4-37e and 4-37f to the university or its employees for reimbursement of expenditures or payment of expenditures on behalf of the university or its employees.

- (b) The board of trustees shall: (1) Review and approve institutional budget requests and prepare and submit to the Secretary of the Office of Policy and Management the budget request for the university and all campuses thereof; (2) propose facility planning and capital expenditure budget priorities for the institutions under its jurisdiction; (3) fulfill requirements concerning the auditing and review of projects of UCONN 2000 in accordance with sections 10a-109z to 10a-109bb, inclusive; (4) establish the construction assurance office in accordance with section 10a-109cc; and (5) exercise the powers delegated to it in section 10a-109d. The board may request authority from the Treasurer to issue payment for claims against the university, other than a payment for payroll, debt service payable on state bonds to bondholders, paying agents, or trustees, or any payment the source of which includes the proceeds of a state bond issue.
- (c) The board of trustees may create a board of directors for the governance of The University of Connecticut Health Center and may delegate such duties and authority as it deems necessary and appropriate to said board of directors. The board of directors shall include members of the board of trustees designated by the chairperson of the board of trustees and such other persons as the board of trustees deems appropriate.

(d) There is established a standing subcommittee of the board of trustees responsible for addressing entrepreneurial issues. Members of the subcommittee shall include, at a minimum, the four board members appointed with entrepreneurial experience described in subparagraph (B) of subdivision (1) of subsection (a) of section 10a-103, as amended by this act, and shall not include more than seven board members. The subcommittee shall be responsible for drafting all initial resolutions for the fulfillment of the board of trustees' responsibilities relating to entrepreneurship at the university. Subcommittee members shall appear annually before the joint standing committees of the General Assembly having cognizance of matters relating to higher education, commerce and finance, revenue and bonding to report on the subcommittee's activities and the university's related performance.

- Sec. 4. Section 10a-108 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):
- (a) The board of trustees shall appoint a president of the university. Said president shall be the chief executive and administrative officer of the university and of the board of trustees. Said president shall carry out the policies and enforce the rules adopted by the board of trustees and shall have the authority necessary therefor. The board of trustees may employ the faculty and other personnel needed to operate and maintain the institutions under its jurisdiction. Within the limitation of appropriations, the board of trustees shall fix the compensation of such personnel, establish terms and conditions of employment and prescribe their duties and qualifications. Said board shall determine who constitutes its professional staff and establish compensation and classification schedules for its professional staff. The board shall annually submit to the Commissioner of Administrative Services a list of the positions which it has included within the professional staff.
- (b) The president of The University of Connecticut, in consultation with the board of trustees, shall establish the position of Vice President for Innovation and Entrepreneurship at The University of Connecticut. The vice president shall report directly to the president. The vice

president's duties shall include, but need not be limited to, assisting the president in the implementation of all of the president's duties and responsibilities relating to entrepreneurship and investment at the university. The president shall not hire any person as vice president under this section unless such person demonstrates extensive past experience as either an entrepreneur in multiple ventures or an investor in multiple new business ventures.

- (c) Not later than October 1, 2018, the president of The University of Connecticut, in consultation with the board of trustees, shall designate or hire a person who will have primary responsibility for the direction and supervision of the Innovation Partnership Building at the UConn Tech Park. Such person shall have extensive professional experience as an entrepreneur or as an investor in multiple new business ventures. Such experience shall be given greater consideration than any academic qualifications that may be required for such position. Said president and such person shall ensure that the Innovation Partnership Building is operated to facilitate research collaboration with established businesses and to support the creation and development of new business ventures, in equal measure.
- Sec. 5. Section 10a-104c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):
 - (a) The Board of Trustees of The University of Connecticut shall develop, continuously maintain and revise from time to time a program to facilitate the recruitment of eminent faculty and their research staffs to the university. Such program shall support economic development in the state through commercialization of faculty research and promote core [competency areas] sectors of the state economy, as identified in the annual economic report issued under section 6 of this act, by accelerating the pace of applied research and development. Such program shall supplement the compensation of such faculty and related costs of personnel and materials needed to secure such faculty for the university. Eligibility shall be limited to scientists who have demonstrated excellence in their field of research

and have an interest in working collaboratively with other scientists at the university and [an] <u>a demonstrated</u> interest in <u>past and future</u> commercialization of their research.

- [(b) No funds shall be expended under this section until the president of The University of Connecticut certifies to the Secretary of the Office of Policy and Management that the university or the university's foundation established pursuant to sections 4-37e and 4-37f has received written commitments for financial support from industry or other sources of not less than two million dollars for purposes identified in subsection (a) of this section.]
- (b) Not later than November 15, 2018, said board shall develop and
 implement a plan for the recruitment and hiring of faculty who have
 experience as entrepreneurs or in the commercialization of research.
 Such plan shall include related recruitment and hiring goals for each
 science, technology, engineering and math department of said
 university.
- Sec. 6. (NEW) (Effective July 1, 2018) (a) Not later than January 1, 2019, and annually thereafter, the faculty of The University of Connecticut shall issue an annual economic report, in a manner prescribed by the president of The University of Connecticut and the Board of Trustees of The University of Connecticut, regarding the economic dynamics and present and emerging labor force trends in the state, including the establishment of new business ventures in the state. Such report shall reflect the collective views of the faculty who develop the report, and include all minority opinions of such faculty. Such report shall be made available to all students enrolled at The University of Connecticut and the general public.
 - (b) The president and the board of trustees, in developing procedures for the preparation and approval of the report issued pursuant to subsection (a) of this section, shall establish supporting procedures to cultivate and share with the entire faculty of the university any relevant opinions of business leaders in major economic sectors of the state, which shall include, but need not be limited to,

leaders in new businesses and newly emerging sectors with high potential for growth in the state.

- 317 (c) The president and the board of trustees shall certify in an annual 318 report to the joint standing committee of the General Assembly having 319 cognizance of matters relating to higher education and employment 320 advancement that the courses and academics programs offered at The 321 University of Connecticut reflect all opinions reflected in the report 322 issued pursuant to subsection (a) of this section.
- Sec. 7. (NEW) (*Effective July 1, 2018*) (a) The Board of Trustees of The University of Connecticut and the president of The University of Connecticut shall conduct all business on behalf of The University of Connecticut in accordance with the objectives set forth in section 10a-102 of the general statutes, as amended by this act.
 - (b) On and after July 1, 2018, the Board of Trustees of The University of Connecticut shall include, in all marketing and promotional materials for student recruitment, information that highlights the entrepreneurial activity of the university's students and faculty, including profiles of successful student or faculty-led ventures, entrepreneurial course offerings, services and programming for the support of entrepreneurial student efforts, and the existence of any entrepreneurial clubs or fraternities. The board shall utilize social media for such marketing and promotional efforts.
 - (c) The Board of Trustees of The University of Connecticut shall release for open, public use and freely license any and all patents held by the board that have not been utilized for commercialization or otherwise licensed for a period of ten years or more.
 - (d) The Board of Trustees of The University of Connecticut and the president of The University of Connecticut shall build and foster, through a series of activities, a culture of innovation and entrepreneurship among the students enrolled at each campus of The University of Connecticut, in accordance with the objectives of section 10a-102 of the general statutes, as amended by this act. Such activities

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shall include, but need not be limited to, organizing and hosting regular networking events for student and faculty entrepreneurs, and the support of relevant student clubs and organizations.

- (e) The Board of Trustees of The University of Connecticut and the president of The University of Connecticut shall seek to build entrepreneurial relationships between The University of Connecticut and other public or independent institutions of higher education in the state that are engaged in entrepreneurial efforts, including, but not limited to, Yale University.
- 356 (f) Not later than January 1, 2020, the Board of Trustees of The 357 University of Connecticut shall design and implement a mentorship 358 initiative to cultivate a robust group of alumni and faculty of The 359 University of Connecticut who have significant experience in 360 entrepreneurship and other prominent entrepreneurs in the state, to 361 mentor and advise students and other faculty of the university in the 362 creation and growth of new business ventures. Such mentorship 363 initiative shall be (1) developed in coordination with and integrated 364 entrepreneur-in-residence or mentorship initiatives 365 administered by CTNext, established pursuant to section 32-39f of the 366 general statutes, (2) modeled on comparable programs at the 367 Massachusetts Institute of Technology. The board of trustees shall 368 make all reasonable efforts to engage and consult with the 369 Massachusetts Institute of Technology to design such mentorship 370 initiative, including making any payments for consulting fees that may 371 be required, and (3) revised subject to, or developed in accordance 372 with, recommendations contained in the final report approved by the 373 board of trustees pursuant to section 9 of this act.
- Sec. 8. Section 10a-10900 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):
- 376 (a) The University of Connecticut shall develop a comprehensive 377 plan to guide Next Generation Connecticut investments. The 378 university shall develop such plan in consultation with: (1) An 379 industry advisory board selected by the university that shall be

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representative of the state's science, technology, engineering and mathrelated industries and shall include, but not be limited to, chief science officers or chief technology officers from such industries; (2) an independent research and development advisory firm selected by the university; (3) university academic leaders; (4) federal and private funding agencies; and (5) research and innovation benchmarks identified by the university and an analysis of the university's progress in meeting such benchmarks in comparison to nationally ranked research universities. Such plan shall identify strategic growth areas for the research, innovation, workforce and economic development needs of Connecticut. The industry advisory board, independent research and development advisory firm and university academic leaders shall seek input from the chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education prior to the completion of the plan. The Board of Trustees of The University of Connecticut shall review and approve such plan not later than July 1, 2014.

(b) Not later than thirty days after the date the final report under section 9 of this act is approved by the board of trustees, The University of Connecticut shall revise the comprehensive plan to include the following requirements: (1) All future expenditures of Next Generation Connecticut shall conform with the objectives of section 10a-102, as amended by this act; (2) the recommendations contained in such final report shall be reflected in the revised comprehensive plan; and (3) provision shall be made for the construction or renovation of a facility on each campus of the university, not more than one-quarter mile from the student union or student center of the campus, that is designed to meet the needs of student entrepreneurs and to serve as a gathering place for such students and other persons who support such student's ventures. Such facility shall not be adjoined to a dormitory and shall be designed and located conveniently to attract and encourage its use by student entrepreneurs and faculty affiliated with any and all schools and departments of the university, as well as their guests from outside the university.

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Sec. 9. (Effective July 1, 2018) (a) (1) The University of Connecticut and the CTNext board of directors shall jointly approve the hiring of a consultant, to be paid from the operating expenses funds of The University of Connecticut or from UConn 2000 or Next Generation Connecticut funds, to conduct a study jointly with representatives of said university appointed by the president of said university. Such study shall review the technology transfer policies used at leading institutions of higher education renowned for innovation and entrepreneurship, including, but not limited to, Stanford University and the Massachusetts Institute of Technology. The president and the board of trustees of said university shall provide to such consultant any information requested by such consultant for the purposes of this section.

- (2) The consultant and university representatives shall be advised and guided by an advisory panel of entrepreneurs and business leaders, appointed as follows: (A) Four members appointed by the board of trustees, and (B) three members appointed by the CTNext board of directors.
- (b) The consultant and university representatives shall select those policies such consultant and representatives deem to be the best and develop recommendations for reforming the technology transfer policies of The University of Connecticut. Such study shall include (1) plans to maximize the number of new business ventures formed through the commercialization of faculty and student research, giving greater priority to the financial interests of such business ventures than to the recoupment of patent-related or other royalties or profit for The University of Connecticut, (2) plans to focus The University of Connecticut's technology transfer policies on start-up business formation rather than patent licensing, (3) recommendations for staffing levels and staff organization to achieve such plans, and (4) any other recommendations requested by the board of trustees or the CTNext board of directors. Any remuneration paid to The University of Connecticut as a result of such new business ventures shall be used to encourage further formation or growth of other new business

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- 450 (c) The consultant and university representatives shall conduct a 451 review of (1) the current policies of The University of Connecticut for 452 the fostering of faculty and student entrepreneurship, and (2) the 453 proportion of the total activities of The University of Connecticut 454 School of Business that is oriented towards the creation and support of 455 new business ventures.
 - (d) The consultant and university representatives shall prepare a report for submission to the CTNext board of directors and shall solicit input from the Higher Education Entrepreneurship Advisory Committee established pursuant to section 32-39t of the general statutes and, at not less than one meeting of the working group established pursuant to section 32-39s of the general statutes, from members of such working group. The report shall include:
- 463 (1) Recommendations for (A) the continuous improvement of the 464 policies set forth under subdivision (1) of subsection (b) of this section, 465 taking into consideration the best practices of entrepreneurship at 466 institutions studied under subsection (a) of this section, and (B) 467 actionable measures to make the creation and support of new business 468 ventures a primary consideration in all activities of, and for all degree 469 programs offered at, The University of Connecticut School of Business;
- 470 (2) Recommendations, if any, of changes to the recruitment and hiring plan and goals set forth in subsection (b) of section 10a-104c of the general statutes, as amended by this act;
- 473 (3) Consideration of all funds available to The University of 474 Connecticut and legislative recommendations, if any, to changes in 475 funding levels of said university;
 - (4) Development of a comprehensive plan of metrics to be used for the tracking and analysis of said university's success in facilitating the creation of new business ventures based on faculty and student research. Such metrics shall (A) be identified in part through a review

of similar metrics tracked by leading institutions of higher education renowned for innovation and entrepreneurship, including, but not limited to, Stanford University, the Massachusetts Institute of Technology, Princeton University and the University of Michigan, and (B) include methods to track the economic impact of entrepreneurs who are among the faculty and alumni of The University of Connecticut; and

- (5) An analysis of comparative rankings made by qualified experts of institutions of higher education in the United States, with respect to such institutions' success in innovation and entrepreneurship, including a ranking of The University of Connecticut, and identification of a ranking or a range of rankings said university shall seek to attain.
- (e) Not later than December 1, 2018, the consultant and university representatives shall submit the report to the Board of Trustees of The University of Connecticut. Not later than December 31, 2018, the board of trustees shall either approve such report or request modifications to such report. The consultant and university representatives shall be provided thirty days after receiving a request for modifications to submit a revised draft report to the board of trustees. Upon final approval of the report, the board of trustees shall submit such report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to higher education and finance, revenue and bonding and to the CTNext board of directors. Each said committee shall raise a bill during the 2019 or 2020 regular session of legislative recommendations contained in such report. The board of trustees may adopt a resolution to implement the recommendations for said university that are contained in such report.

| This act shall take effect as follows and shall amend the following sections: | | | | | |
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| Section 1 | July 1, 2018 | 10a-102 | | | |
| Sec. 2 | July 1, 2018 | 10a-103 | | | |

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| Sec. 3 | July 1, 2018 | 10a-104 |
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| Sec. 4 | July 1, 2018 | 10a-108 |
| Sec. 5 | July 1, 2018 | 10a-104c |
| Sec. 6 | July 1, 2018 | New section |
| Sec. 7 | July 1, 2018 | New section |
| Sec. 8 | July 1, 2018 | 10a-10900 |
| Sec. 9 | July 1, 2018 | New section |

FIN Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 19 \$ | FY 20 \$ |
|----------------------------|-------------------|--------------|----------|
| UConn | Various - Cost | At least 1.1 | At least |
| | | to 3.8 | 509,000 |
| | | million | |
| State Comptroller - Fringe | GF - Cost | At least | At least |
| Benefits ¹ | | 148,590 | 148,590 |
| | | | |
| UConn | Various - Revenue | 50,000 | 50,000 |
| | Loss | | |

Note: Various=Various; GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the University of Connecticut (UConn) to take several actions regarding entrepreneurship and innovation, is estimated to result in: (1) a total cost of at least \$1.3 million to \$4.0 million in FY 19, and at least approximately \$658,000 in FY 20 and annually thereafter; and (2) an annual revenue loss to UConn of \$50,000. This estimate does not include the costs described in Section 5, which will vary (see below).

The bill also results in the redistribution of Next Gen UConn bonding funds (see below).

Section 4 results in total costs of \$607,590 in FY 19 and annually

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.33% of payroll in FY 19 and FY 20.

thereafter as it requires one new UConn vice president position to be established. It is anticipated the position will require two support staff, including one at the analyst level. The estimated costs for the three positions are: (1) \$409,000 in salary, composed of the Vice President at the average UConn vice president salary of \$274,000, an Analyst salary of \$80,000, and an Administrative Assistant salary of \$55,000; (2) \$148,590 in fringe benefits; and (3) \$50,000 in equipment and miscellaneous expenses. Funding may come from state General Funds and the Office of the State Comptroller, or from UConn's own funds (e.g., operating funds from tuition revenue).

Section 5 results in additional total costs anticipated to average \$72,255 per faculty member hired with entrepreneurship or research commercialization experience, instead of a typical eminent faculty member. For every such faculty hire, the additional cost is approximately: (1) an additional \$53,000 in salary; and (2) \$19,255 in fringe benefits. As above, funding may come from state General Funds and the Office of the State Comptroller, or from UConn's own funds. The extent of the additional costs will depend on the faculty recruitment plan and its implementation.

Section 6 results in an anticipated cost of \$50,000 in FY 19 and annually thereafter, in payments to existing UConn faculty for work on the annual economic report required by the bill.

Section 7 results in: (1) an anticipated cost of \$300,000 in FY 19 for consultant work in developing and designing new student recruitment materials emphasizing entrepreneurship; and (2) annual revenue loss totaling approximately \$50,000 due to the provisions regarding patent release. The patent revenue loss estimate is based on the approximate annual revenue UConn realizes from patents held past ten years. It is anticipated the mentorship initiative required by Section 7 will be formulated by the vice president and assisting staff associated with Section 4 of the bill.

Section 8 results in redistribution of Next Gen UConn bonding funds, associated with: (1) revising Next Gen plans, and (2)

constructing or renovating dedicated student entrepreneurship space, with certain requirements, at each of the five UConn campuses. It is anticipated that the entrepreneurship space component of the redistribution could total between \$5 million and \$15 million.

Section 9 results in a cost of between \$300,000 and \$3.0 million in FY 19 for the required consultant whose report is due December 1, 2018. Consultant reports completed for and with large universities have been within this range. The consultant cost will reflect the required report's breadth and turnaround time, and be determined by the proposal or bid that is selected by UConn and CTNext.

The other provisions of the bill are not anticipated to result in a fiscal impact to UConn or the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis sSB 536

AN ACT CONCERNING VARIOUS INITIATIVES AT THE UNIVERSITY OF CONNECTICUT.

SUMMARY

This bill makes various changes to UConn's statutory objectives, governance, faculty, staff, and responsibilities, principally related to entrepreneurship and economic development. Among other things, it:

- 1. expands UConn's statutory objectives to include facilitating the transfer of student and faculty work into new non-profit and for-profit ventures (§§ 1 & 7);
- 2. requires certain Board of Trustee (BoT) appointees to have experience in entrepreneurship or venture investment and establishes a board subcommittee on entrepreneurship (§§ 2 & 3);
- 3. establishes entrepreneurship-related positions, including a Vice President for Innovation and Entrepreneurship (§ 4);
- 4. requires the BoT to develop a plan to recruit faculty with experience in entrepreneurship or commercializing research (\$ 5);
- 5. requires UConn faculty to annually report on the state's economy (§ 6);
- 6. requires the BoT, jointly with the CTNext board, to hire a consultant to study UConn tech transfer and entrepreneurship and incorporate the report's recommendations into various UConn policies and initiatives (§ 9); and

7. requires the BoT to modify the UConn Next Generation plan (see BACKGROUND) to provide for the construction or renovation of campus facilities to create a gathering place for student entrepreneurs (§ 8).

EFFECTIVE DATE: July 1, 2018

§§ 1 & 7 — STATUTORY OBJECTIVES

The bill modifies UConn's statutory objectives and requires the president and board of trustees to conduct university business in accordance with them.

It makes the university's leading objective to educate the population at large, with an eye toward current and emerging state, national, and world economic dynamics and labor force trends.

Under current law, its leading objective is to teach subjects related to agriculture and the mechanic arts, including military tactics, to promote the liberal and practical education of the industrial classes. It must do this without excluding (1) scientific and classical studies, and (2) under the bill, other well-considered areas of knowledge.

The bill instead designates this objective as a "further objective" of the university and expands it to include offering a wide selection of courses and encouraging cross-disciplinary studies.

Additionally, the bill adds, as UConn's secondary and supporting objective, facilitating the transfer of faculty and student insights into for-profit and non-profit ventures (known as "tech transfer"), thereby promoting the state economy's health and growth.

The bill also expands UConn's intended student population to include those who are primarily Connecticut residents, instead of only youths whose parents are citizens of the state.

Lastly, it eliminates a requirement that UConn give enrollment preference to students taking a full agricultural course.

§§ 2 & 3 — BOARD OF TRUSTEES

Appointee Experience (§ 2)

The bill requires each board member appointed by the governor on or after July 1, 2018, to have entrepreneurship or business venture investment experience recognized by the university. Such appointees must meet this requirement until at least four of the governor's 12 appointees have such experience. Additionally, at least two of the four members must be under age 40 when initially appointed.

By July 1, 2023, the bill also requires at least two of the governor's 12 appointees to have (1) academic qualifications or significant professional experience in Connecticut's economic growth and (2) a demonstrated understanding of UConn's role in such growth.

Alumni and Student Trustees Election (§ 2)

By law, the BoT includes two alumni members elected by UConn's alumni association, and two student members elected by the student body. Current law requires the alumni trustee election to be held by mail and does not specify a method for the student trustee election.

The bill allows UConn students to propose and develop electronic voting methods for electing alumni and student trustees. Any proposed method must secure election ballots by encryption or another technology or method. Once the electronic voting method is approved by UConn's president, alumni association, and graduate and undergraduate student governments, it may be used for alumni or student trustee elections on or after July 1, 2020.

The bill also requires UConn's president, in consultation with student government representatives, to occasionally promote a contest on at least one UConn campus to encourage students to (1) develop or refine the electronic voting method or (2) develop other innovative solutions to the student body's needs.

Entrepreneurship Subcommittee (§ 3)

The bill establishes a standing BoT subcommittee to address

entrepreneurial issues and draft all initial resolutions for the board's entrepreneurship-related responsibilities. The subcommittee may have up to seven members and must include the four trustees with entrepreneurial experience described above. Subcommittee members must annually appear before the Commerce, Higher Education, and Finance, Revenue and Bonding committees to report on the subcommittee's activities and UConn's related performance.

§ 4 — ENTREPRENEURSHIP-RELATED POSITIONS

The bill requires UConn's president, in consultation with the BoT, to create a new position of Vice President for Innovation and Entrepreneurship at UConn. The vice president must report directly to the president and, among other things, help the president implement her entrepreneurship- and investment-related responsibilities. The bill requires the president to hire an individual for the position who demonstrates extensive past experience as either an entrepreneur in multiple ventures or an investor in multiple new business ventures.

The bill also requires the president, by October 1, 2018, and in consultation with the BoT, to designate or hire a person to have primary responsibility for the direction and supervision of the Innovation Partnership Building at the UConn Tech Park. This includes ensuring, along with the president, that the building is operated to (1) facilitate research collaboration with established businesses and (2) support new business venture creation and development, in equal measure.

Under the bill, the person designated or hired must have extensive professional experience as an entrepreneur or investor in multiple new business ventures. This professional experience must be given greater consideration than any required academic qualifications.

§ 5 — FACULTY RECRUITMENT

Changes to Current Faculty Recruitment Program

Current law requires the BoT to develop a program to recruit eminent faculty and their research staff to UConn. The bill requires the

board to continuously maintain and revise the program from time to time (it does not define this term).

As under current law, the program must support the state's economic development. But the bill requires the program to do this through the commercialization of faculty research. It also requires the program to promote the core sectors of Connecticut's economy, as identified in UConn's annual economic report (see § 6), instead of UConn's core competency areas, as under current law.

By law, the recruitment program must supplement faculty compensation and related personnel and materials costs in order to secure the faculty for UConn. Current law limits eligibility for the supplemental funding to scientists with demonstrated excellence in their research field and an interest in commercializing their research. The bill specifies that such scientists must have a demonstrated interest in both past and future commercialization of their research.

The bill also eliminates a provision requiring UConn's president, before spending program funds, to certify to the Office of Policy and Management (OPM) secretary that UConn or its foundation received at least \$2 million in written financial support commitments for faculty recruitment purposes.

New Faculty Recruitment Plan

By November 15, 2018, the bill requires the BoT to develop and implement a plan for recruiting and hiring faculty with experience as entrepreneurs or commercializing research. The plan must include related recruitment and hiring goals for each of UConn's science, technology, engineering, and math departments.

§ 6 — ECONOMIC REPORT

The bill requires UConn faculty, annually beginning by January 1, 2019, to issue an economic report in a manner UConn's president and BoT prescribe. The report must address the state's economic dynamics and present and future labor force trends, including new business venture establishment. Specifically, it must (1) reflect the collective

views of the faculty who develop it, including all minority opinions and (2) be made available to all UConn students and the public. Additionally, the president and BoT must certify in an annual report to the Higher Education Committee that UConn's courses and academic programs reflect all opinions in the economic report.

In developing procedures for preparing and approving the report, the president and BoT must establish supporting procedures to cultivate and share with UConn's entire faculty any relevant opinions from business leaders in the state's major economic sectors. This includes leaders in new businesses and newly emerging sectors with high potential for growth in Connecticut.

§ 7 — INNOVATION- AND ENTREPRENEURSHIP-RELATED INITIATIVES AND PROVISIONS

Marketing and Promotion

The bill requires the BoT to include, in student recruitment marketing and promotional materials, information highlighting entrepreneurial activity of UConn's faculty and students, including (1) profiles of successful student- or faculty-led ventures, (2) entrepreneurial course offerings, (3) support programs and services for students' entrepreneurial efforts, and (4) any existing entrepreneurial clubs or fraternities.

It also requires the board to use social media for such marketing and promotional efforts.

Patents

The bill requires the BoT to freely license, and release for open, public use, all patents it holds that have not been (1) used for commercialization or (2) licensed for at least ten years.

Entrepreneurial Culture and Relationships

The bill requires UConn's president and BoT to build and foster a culture of innovation and entrepreneurship among enrolled students at each UConn campus, in accordance with its statutory objectives. They must do so through a series of activities, including (1) organizing

and hosting regular networking events for student and faculty entrepreneurs and (2) supporting relevant student clubs and organizations.

The BoT and president must also seek to build entrepreneurial relationships between UConn and other public or independent higher education institutions in Connecticut, including Yale University.

Mentorship Initiatives

By January 1, 2020, the bill requires the BoT to design and implement a mentorship initiative to cultivate a robust group of UConn faculty and alumni who have significant entrepreneurial experience and other prominent Connecticut entrepreneurs, to mentor and advise UConn students and other faculty in creating and growing new business ventures.

The initiative must be:

- 1. developed in coordination with, and integrated into, any CTNext entrepreneur-in-residence or mentorship initiatives (see BACKGROUND);
- 2. developed or revised in accordance with any recommendations from the entrepreneurship and tech transfer report established in Section 9; and
- modeled on comparable programs at the Massachusetts Institute of Technology (MIT).

In developing the initiative, the BoT must make all reasonable efforts to engage and consult with MIT, including paying any required consulting fees.

§ 8 — NEXT GENERATION CONNECTICUT PLAN MODIFICATIONS

The bill requires UConn to revise its initial plan to guide the capital investments made with bonds authorized under the Next Generation Connecticut initiative (see BACKGROUND). It must do so within 30 days after the BoT approves the entrepreneurship and tech transfer

report established in Section 9. The revised plan must (1) require all future Next Generation expenditures to conform to UConn's statutory objectives and (2) reflect the recommendations of the final entrepreneurship and tech transfer report (see §9).

The revised plan must also provide for the construction or renovation of a facility on each UConn campus that is designed to meet student entrepreneurs' needs and serve as a gathering place for those students and others who support their ventures. Each facility (1) must be located conveniently to attract and encourage its use by UConn-affiliated student entrepreneurs and faculty and their guests and (2) cannot be located more than one-quarter mile away from the campus' student union or student center or adjoined to a dormitory.

§ 9 — ENTREPRENEURSHIP AND TECH TRANSFER STUDY Study Process

The bill requires UConn and the CTNext board of directors (see BACKGROUND) to jointly approve the hiring of a consultant to study UConn's tech transfer policies and other entrepreneurship-related aspects. UConn must (1) pay the consultant using its operating funds or Next Generation Connecticut or UConn 2000 funds and (2) provide the consultant with any information requested to complete the study.

Under the bill, the study must be (1) conducted jointly with president-appointed university representatives and (2) advised by a panel of entrepreneurs and business leaders, including four members appointed by the BoT and three members appointed by the CTNext board of directors.

Study Scope

Tech Transfer. The study must review the tech transfer policies of universities renowned for innovation and entrepreneurship, including Stanford University and MIT. The consultant and the designated UConn representatives must select the policies they deem best and develop recommendations for reforming UConn's tech transfer policies. The study must include:

 plans to maximize the number of new business ventures formed by commercializing UConn faculty and student research, which must give greater priority to the venture's financial interests than to UConn making a profit or recouping its patent-related or other royalties;

- 2. plans to focus UConn's tech transfer policies on forming startup businesses rather than licensing patents;
- 3. recommendations for staffing levels and organization to achieve the plans; and
- 4. any other recommendations the BoT or CTNext board of directors requests.

The bill requires that any remuneration paid to UConn resulting from such new business ventures be used to encourage the further new business venture growth or formation. (It is unclear which new business ventures the requirement applies to.)

Entrepreneurship. The consultant and UConn representatives must also review (1) UConn's current policies for fostering faculty and student entrepreneurship and (2) the proportion of total UConn Business School activities that are oriented toward creating and supporting new business ventures.

Report

The bill requires the consultant and UConn representatives to submit a report to the CTNext board. In preparing the report, they must solicit input during at least one meeting of the Higher Education Entrepreneurship Advisory Committee. By law, this committee is within CTNext and comprised of CT-Next-appointed students, higher education institution representatives, and entrepreneurs (CGS §32-39t).

Report Content. Under the bill, the report must include:

1. recommendations for continuously improving UConn's policies for maximizing business venture formation that consider the

entrepreneurship best practices of leading universities studied;

2. actionable measures to make creating and supporting new business ventures a primary consideration in all activities and degree programs offered at the UConn School of Business;

- 3. any recommendations for changing UConn's recruitment hiring plan required under the bill;
- 4. a consideration of all UConn funds and any legislative recommendations for UConn funding changes;
- 5. an analysis of comparative rankings made by qualified experts of higher education institutions nationally on their success in entrepreneurship and innovation, including a ranking of UConn and the identification of a one or more rankings the university must attain; and
- 6. the development of a comprehensive metrics plan for tracking and analyzing UConn's success in facilitating new business creation based on student and faculty research.

The metrics included in the report must (1) be identified through a review of similar metrics tracked by leading institutions renowned for innovation and entrepreneurship, including Stanford University, MIT, Princeton University, and the University of Michigan and (2) include methods to track the economic impact of UConn faculty and alumni who are entrepreneurs.

Report Approval. The bill requires the consultant and UConn representatives to submit the report to the BoT by December 1, 2018. The BoT must then either approve the report or request that it be modified by December 31, 2018. If the BoT requests modifications, the consultant and UConn representatives must be given 30 days after receiving the request to submit a revised draft to the BoT.

Upon the report's final approval, the BoT must submit it to the CTNext board of directors and the Higher Education and Finance,

Revenue, and Bonding committees. The bill requires the committees to raise legislation during the 2019 or 2020 legislative session containing the report's legislative recommendations. The bill also authorizes the BoT to adopt a resolution to implement the report's recommendations related to UConn.

BACKGROUND

Next Generation Connecticut

PA 13-233 established the "Next Generation Connecticut" initiative and authorized \$1.551 billion in new bonds for a capital improvement program under the UConn 2000 infrastructure program. The initiative's purpose is to (1) develop preeminence in UConn's research and innovation programs, (2) hire and support outstanding faculty, (3) train and educate graduates to meet the state's future workforce needs, and (4) initiate collaborative partnerships that lead to scientific and technological breakthroughs.

CTNext

CTNext is a subsidiary of Connecticut Innovations, Inc. Its major purpose is to assist entrepreneurs and startup and growth-stage businesses by, among other things, (1) building entrepreneur communities, (2) serving as a catalyst to protect and enhance the state's innovation ecosystem, (3) connecting entrepreneurs and growth-stage businesses to government and private resources, (4) facilitating mentoring for entrepreneurs and young business ventures, and (5) facilitating innovation and entrepreneurship at higher education institutions (CGS § 32-39f).

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute Yea 39 Nay 11 (04/05/2018)